

Recommendations

Recommendation 1. The North Carolina General Assembly should revise N.C. Gen. Stat. § 143C-6-23(d) to require performance-based contracting, program monitoring plans, and more timely and accurate reporting on state grants to non-profits.

Programmatic accountability cannot be established unless grant program outputs and outcomes are compared with specific expectations established at the outset (i.e., when the award was made and the contract was signed). Although some state grant programs use measures to accomplish this goal, there is no systematic way to assess accountability of grants to non-profits in North Carolina. The state should require clearer contract specifications that are flexible yet specific to set benchmarks for performance.

The General Assembly should revise N.C. Gen. Stat. § 143C-6-23(d) to include a provision that the rules shall ensure each contract agreement between a state agency and a grantee includes concrete benchmarks against which to measure success. N.C. Gen. Stat. § 143C-6-23(d) directs the Office of State Budget and Management to adopt rules to ensure the uniform administration of state grants by all grantor state agencies and grantees. The administrative rules on contract language (09 N.C. Admin. Code 03M.0703) require statements of objectives to be achieved and expected results. However, the rules do not require grant contracts to include specific language defining benchmarks against which to measure success. Benchmarks must address expected outputs (what is done) and outcomes (what happens as a result of activities). Drawing on the framework shown in Exhibit 9, clear but flexible requirements could be adapted to grants for goods, services, and planning activities. Examples of each of these applications are shown in Exhibit 11.

Exhibit 11: Performance Measurement Framework Examples

Deliverable	Program Goal	Inputs	Activities	Outputs	Outcomes
Goods	<ul style="list-style-type: none"> Ultimate purpose of goods 	<ul style="list-style-type: none"> Funds 	<ul style="list-style-type: none"> Purchasing goods 	<ul style="list-style-type: none"> Number of items purchased 	<ul style="list-style-type: none"> Successful procurement within grant cycle
Services	<ul style="list-style-type: none"> Ultimate intent of services 	<ul style="list-style-type: none"> Funds Staff Facilities 	<ul style="list-style-type: none"> Providing services 	<ul style="list-style-type: none"> Number of sessions Number of participants 	<ul style="list-style-type: none"> Result of activities in terms of program goals (percentage of participants achieving benchmarks)
Program Planning	<ul style="list-style-type: none"> Ultimate purpose of planning process 	<ul style="list-style-type: none"> Funds Staff Facilities 	<ul style="list-style-type: none"> Implementation and planning Needs assessment 	<ul style="list-style-type: none"> Number of planning activities 	<ul style="list-style-type: none"> Results of needs assessment Conclusions from planning activities

Source: Program Evaluation Division.

The recommended model of performance-based contracting does not include making payment contingent on performance. It does, however, provide a mechanism to set concrete, measurable expectations for performance in grant contracts and to use those benchmarks to assess performance in subsequent reporting. Performance measures provide a structured means to assure that accountability is assessed systematically across grant programs. Furthermore, performance-based contracting